



**IMPORTANT: Please read the instructions on the reverse before completing this form**

Business Name (from your D-20 or D-30 return)	Your Federal Employer Identification Number (FEIN)
	or
Person to contact if there are questions	Social Security Number (SSN)
	Daytime telephone number

**No penalty is due and this form should not be filed if:**

- A. Your tax liability on taxable income after deducting DC applicable credits and estimated tax payments is less than \$1000, or
- B. You have made the required periodic DC estimated franchise tax payments and the total is equal to or more than 100% of last year's taxes or 90% of the current year's taxes. Note: in order to use the prior year 100% exception, you must have filed a DC franchise tax return last year and you must have been in business in DC for the entire year.

**Computation of Underpayment**

1	2009 DC franchise tax liability from Forms D-20, Line 37 or D-30, Line 37.	\$	
2	Multiply the amount on Line 1 by 90% (.90).	\$	
3	2008 DC franchise tax liability from Forms D-20, Line 37 or D-30, Line 37.	\$	
4	Minimum estimated tax requirement for tax year 2009 (lesser of lines 2 and 3).	\$	
5	Multiply the amount on Line 4 by 25% (.25).	\$	

Note: If your income was not evenly received over 4 periods, see instructions on the reverse of this form on the "Annualized Income" method.

Due dates shown are for calendar year; for fiscal year, use the 15<sup>th</sup> day of the 4<sup>th</sup>, 6<sup>th</sup>, 9<sup>th</sup> and 12<sup>th</sup> months after the end of the fiscal year.

**Due date of Payments**

1 <sup>st</sup> Period	2 <sup>nd</sup> Period	3 <sup>rd</sup> Period	4 <sup>th</sup> Period
04/15/09	06/15/09	09/15/09	12/15/09

- 6 Enter the amount from Line 5 or the annualized amount in each period (the 2<sup>nd</sup> period includes the 1<sup>st</sup> period amount, 3<sup>rd</sup> period includes the 1<sup>st</sup> and 2<sup>nd</sup> period amounts, the 4<sup>th</sup> period includes all period amounts).

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Check here ☐ if you are using the "Annualized Income" method.

- 7 DC estimated taxes paid each period (the 2<sup>nd</sup> period includes the 1<sup>st</sup> period amount, 3<sup>rd</sup> period includes 1<sup>st</sup> and 2<sup>nd</sup> period amounts, the 4<sup>th</sup> period includes all period amounts).

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- 8 Underpayment each period (Line 6 minus Line 7).

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- 9 Penalty Factors.

.0175 .0265 .0262 .0348

- 10 Line 8 multiplied by Line 9.

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- 11 Penalty - Total of amounts from Line 10. Pay this amount. (See instructions).

\$

# Instructions for Underpayment of Estimated Tax by D-20 or D-30 Filers

## Estimated Tax Penalty

DC law requires any business that expects its DC franchise tax liability to exceed \$1000 for the tax year to file a declaration of estimated franchise tax using the payment vouchers in:

- D-20ES – Declaration of Estimated Franchise Tax for Corporations; or
- D-30ES – Declaration of Estimated Franchise Tax for Unincorporated Businesses.

The law states that any business required to file and pay estimated tax that fails to pay the amount required by the due date is subject to an underpayment of estimated franchise tax penalty and interest.

### When is a penalty assessed for Underpayment of Estimated Franchise Tax?

A 10% penalty, compounded daily, is assessed if your total DC estimated franchise tax payments compared to your DC franchise tax liability do not equal at least the smaller of:

- 90% of the tax due (Line 37) on your 2009 DC franchise tax return; or
- 100% of the tax due (Line 37) on your 2008 DC franchise tax return (consisting of 12 months).

You must have filed a 2008 DC franchise tax return to use the 100% exception.

A penalty will be assessed if any statement made on an estimated tax payment voucher is not true and accurate to the best of the signatory's knowledge.

### Are there any exceptions?

You are not subject to the penalty for underpayment of estimated franchise tax if:

- You had no DC franchise tax liability for the tax year 2008 and in that year, you did business in DC for the entire 12 months;
- The franchise tax due for 2009, minus any estimated tax payments, is less than \$1000;
- Your total DC estimated franchise tax payments are equal to or greater than your 2008 DC franchise tax liability for the entire year; or
- Your remaining tax due after totalling all credits and estimated tax payments is less than 10% of your total DC franchise tax liability (line 41) for the year.

## When do you use this form?

- You may use this form to calculate your penalty. If you do, attach it to your tax return and add any penalty and interest you calculate to the amount on Line 40 of Forms D-20 or D-30. If you do not wish to calculate the penalty and interest, OTR will do it when your return is processed and will notify you of the amount due.
- You may also complete this form if you believe the penalty amount assessed by OTR for underpayment of estimated franchise tax is incorrect.

### How do you file this form?

Attach it to your return if you complete the form before filing your tax return. If you complete the D-2220 after filing and receiving a notice of penalty assessment, send it to:

Office of Tax and Revenue  
Attn: Estimated Tax Penalty Adjustment  
941 North Capitol St NE, 6th Floor  
Washington DC 20002-4265

### Special Fee

OTR charges a one-time fee to cover internal collection efforts. The fee assessed is 15% of the balance due. Payments received by OTR on

accounts subject to the fee are first applied to the fee, then to penalty interest and tax owed.

### International ACH Transaction (IAT)

Electronic banking rules have changed. If a payment will be drawn on a foreign account, you must send a check, money order or pay by credit card.

## Completing this form

### Line 1

Enter the amount from your 2009 D-20 or D-30 (Line 37).

### Line 2

Multiply the amount on Line 1 by 90% (.90). Your estimated franchise tax payments must be equal to or greater than this amount.

### Line 3

Enter the amount from your 2008 DC Forms D-20 or D-30, Line 37. If your 2008 return was amended or corrected, be sure to show the corrected amount.

### Line 4

Enter the lesser of the amounts on Line 2 and Line 3. If you did not file a DC franchise tax return for 2008, you may only use Line 2. This is your minimum estimated franchise tax payment for 2009.

### Line 5

Multiply the amount on Line 4 by 25% (.25). This gives you an even distribution of your tax liability over the four periods of the tax year.

### Line 6

Enter the amount required from Line 5 under each of the payment columns. For example, If Line 5 is \$2000, you would enter \$2000 for the 1<sup>st</sup> period, \$4000 for the 2<sup>nd</sup> period, \$6,000 for the 3<sup>rd</sup> period and \$8,000 for the 4<sup>th</sup> period.

**Annualized income method:** If your income was different for each period, determine the percentage for each period (divide the period income by the full year's income). Multiply Line 4 by each period's percentage and enter the amounts earned by period on Line 6. Accumulate the periodic amounts as shown above. Check the "Annualized Income" box.

### Line 7

Enter the amount of estimated franchise tax payments made in each period. Include the amounts from the previous period with the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> periods. For example, If your estimated payment amount is \$1,000 in each period, you would enter \$1,000 in the 1<sup>st</sup> period, \$2,000 in the 2<sup>nd</sup> period, \$3,000 in the 3<sup>rd</sup> period and \$4,000 in the 4<sup>th</sup> period.

### Line 8 Underpayment each period

For each column, subtract Line 7 from Line 6. If Line 7 exceeds Line 6, you have no penalty. If there is an amount remaining, this is your periodic underpayment amount.

### Line 9 Penalty Factors

These are the penalty factors by period.

### Line 10

For each period, multiply the amount on Line 8 by the factor on Line 9. This is your penalty by period.

### Line 11 Penalty

Add the amounts on Line 10 for each period. This is your total underpayment of estimated franchise tax penalty.

- If you are filing the D-2220 with your return, include the penalty and any interest on the penalty in the amount you owe and pay the total amount with the return.
- If you are filing the D-2220 form separately, pay the amount you owe.

Make the check or money order payable to the **DC Treasurer**. If the tax liability is greater than \$10,000, you must pay electronically.